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Administrative and budgetary questions

Proposed outline for 2000-2001 for the Fund of the United Nations International Drug Control Programme

Report of the Executive Director

Contents

		Paragraphs	Page
Part one Overview			
I.	Executive summary	1-5	3
II.	Draft resolution for adoption by the Commission on Narcotic Drugs	6	4
Part two Financial situation			
III.	Overview	7-9	4
IV.	Income	10-14	6
V.	Programme support charges	15-16	8

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Part three
Proposed outline for the biennium 2000-2001

		Paragraphs	Page
VI.	Overview	17-19	9
VII.	Programme	20-43	9
	A. Demand reduction: prevention and reduction of drug abuse (subprogramme 3)	23-26	10
	B. Supply reduction: elimination of illicit crops (subprogramme 4)	27-34	11
	C. Supply reduction: suppression of illicit drug trafficking (subprogramme 4)	35-41	12
	D. Intersectoral (subprogrammes 1 to 4)	42-43	13
VIII.	Programme support	44-45	13
IX.	Administration and management	46	14

Annexes

I.	Supplementary tables	15
II.	Outline presentation	20

Part one
Overview

I. Executive summary

1. The outline for the Fund of the United Nations International Drug Control Programme (UNDCP) is presented in accordance with resolution 13 (XXXVI) of the Commission on Narcotic Drugs (see annex II). Also submitted to the Commission at its forty-second session is the revised biennial budget for 1998-1999, including the biennial programme budget (E/CN.7/1999/13) and the biennial support budget (E/CN.7/1999/12).

2. The outline for the biennium 2000-2001 amounts to $213,416,400, as compared with the revised budget for 1998-1999 of $153,265,000. This reflects an increase of $60,151,400, as shown in table 1. The twentieth special session of the General Assembly on countering the world drug problem, held in June 1998, marked a turning point for UNDCP. The outline presents in particular the initiatives of the Executive Director following the special session within the projected financial scenario. The following priority areas receive special attention:

(a) UNDCP will assist States in achieving the goal of eliminating or significantly reducing the illicit cultivation of opium poppy, the coca bush and the cannabis plant in 10 years;

(b) UNDCP will expand substantially its activities to support the efforts of Governments to prevent and reduce drug abuse;

(c) UNDCP will assist Governments in tackling the emerging problem of amphetamine-type stimulants, and increase assistance in the fields of precursor chemicals, money-laundering and judicial cooperation;

(d) UNDCP will assist the Commission in monitoring progress made towards the attainment of the objectives set by the General Assembly.

3. The proposed outline is supported by estimates of the financial situation for the period 2000-2001. Income is estimated at $175,000,000 for 2000-2001, as compared with the estimate of $148,210,000 for 1998-1999. The fund balance is expected to decline from $55,421,400, as of 31 December 1999, to $17,005,000, as of 31 December 2001, a level appropriate for the operation of UNDCP. Increases in income are anticipated on the basis of positive results achieved during 1998-1999. This is attributed to the momentum created by the twentieth special session of the General Assembly and initiatives launched by the Executive Director. In response, it is anticipated that funding will increase from the donor community and through new cost-sharing arrangements.

4. Table 2 presents the resource plan for the outline for 2000-2001, compared with the revised estimates for 1998-1999. The estimate of $230,421,400 in resources available in the outline for 2000-2001 reflects an increase of $21,735,000, compared with the revised estimate of $208,686,400 for 1998-1999. The increase is attributed to a higher opening balance and an estimated increase in income of $26,790,000, in particular, special-purpose income. Programme activities are expected to increase from $115,000,000 in 1998-1999 to $170,000,000 in 2000-2001. Resources for programme support as well as management and administration are estimated to increase notably less. Programme support, including support funds provided to executing agencies, are estimated to increase from $29,022,300 in 1998-1999 to $33,123,300 in 2000-2001, which represents a decrease in the utilization of total resources from 18.9 per cent to 15.5 per cent. The increase in resource requirements for management and administration from $9,242,700 in 1998-1999 to $10,293,100 in 2000-2001 represents a decrease in the resource share from 6.0 per cent to 4.8 per cent.

5. The outline contains two parts. First, as it is a financial planning tool, details are provided on the financial scenario for the outline period 2000-2001. Secondly, the purpose of the outline is to indicate programmatic priorities, not to present a detailed budget proposal. Thus, the information on resource allocation has been limited, and the description focuses on the new programme priorities in accordance with the sub-programmes of the medium-term plan for the period 1998-2001. The outline estimates for 2000-2001 are compared to actual amounts going back to 1988 in a set of four tables presented in annex I. Table A.2 shows the resources provided from the Fund of UNDCP and the regular budget of the United Nations. As indicated, approximately 90 per cent of the resources are provided by the Fund of UNDCP and the remaining 10 per cent from the regular budget. Moreover, the 1998-1999 budget has reversed a recent decline in the availability of resources. Table A.3 provides an overview of the income, expenditure and fund balance including the outline period 2000-2001. The decline in income and expenditure starting in 1992 was reversed in 1998, with the anticipated level of income in 2001 being

comparable with the early 1990s. The fund balance continues to decline to an appropriate level in 2001, reflecting improvements in programme implementation. Table A.4 presents a comparison between budget categories and indicates that for 1997 to 2001, programme allocations increase at a higher rate as compared with programme support and management/administration. Finally, table A.5 provides a breakdown by programme sector, indicating recent increases, in particular, for prevention and reduction of drug abuse as well as for suppression of illicit drug trafficking.

II. Draft resolution for adoption by the Commission on Narcotic Drugs

6. The following draft resolution, recommended to the Commission on Narcotic Drugs for adoption, summarizes the main issues contained in the present report.

Outline for the biennium 2000-2001 for the Fund of the United Nations International Drug Control Programme

The Commission on Narcotic Drugs,

Bearing in mind the administrative and financial functions entrusted to it by the General Assembly in its resolution 46/185 C, section XVI, paragraph 2, of 20 December 1991,

Having considered the report of the Executive Director of the United Nations International Drug Control Programme containing the proposed outline for the biennium 2000-2001 for the Fund of the United Nations International Drug Control Programme,[1]

Taking into consideration the report of the Advisory Committee on Administrative and Budgetary Questions on the proposed outline for 2000-2001 for the Fund,[2]

1. *Endorses* the programme and budget strategy for the biennium 2000-2001;

2. *Takes note* of the outline for the biennium 2000-2001, totalling ... United States dollars, for the Fund of the United Nations International Drug Control Programme, in the following areas:

	United States dollars
Programme	...
Programme support	...
Management and administration	
Total	...

3. *Considers* that the proposed outline provides a basis for the submission of the proposed initial budget for the biennium 2000-2001 by the Executive Director of the United Nations International Drug Control Programme.

Part Two
Financial situation

III. Overview

7. Income is estimated at $175,000,000 for 2000-2001, compared with the estimate of $148,210,000 for 1998-1999 and actual income of $103,295,500 for 1996-1997. Expenditure is estimated at $213,416,000 for 2000-2001, compared with the estimate of $155,920,000 for 1998-1999 and actual expenditure of $104,354,800 for 1996-1997. The fund balance is expected to decline from $55,421,400, as of 31 December 1999, to $17,005,000, as of 31 December 2001. The operational reserve is maintained at the level of $12,000,000.

8. UNDCP distinguishes between general-purpose (unearmarked) resources and special-purpose (earmarked) resources. All special-purpose resources are provided to earmarked programme activities; general-purpose resources are used to fund the biennial support budget as well as programme activities. General-purpose income is estimated at $40,000,000 for 2000-2001, compared with the estimate of $34,210,000 for 1998-1999. Special-purpose income is estimated at $135,000,000 for 2000-2001, compared with the estimate of $114,000,000 for 1998-1999. The general-purpose fund balance is estimated to decline from $19,762,400, as of 31 December 1999, to $6,648,600, as of 31 December 2001; the special-purpose fund balance is estimated to decline from $35,659,000, as of 31 December 1999, to $10,356,400, as of 31 December 2001. By definition, all special-purpose resources are committed to earmarked programme activities. As of 31 December 1999, 60 per cent of the general-purpose fund balance is expected to be committed for future programme activities. That figure is expected to increase to 100 per cent, as of 31 December 2001.

[1] E/CN.7/1999/11.

[2] E/CN.7/1999/14.

Table 1
Outline for the biennium 2000-2001 and revised estimates for 1998-1999
(Thousands of dollars)

Item	1998-1999 Proposed revised budget	Changes Increase/ decrease	%	Increase/ decrease	%	2000-2001 Outline
A. Programme activities by sector						
Prevention and reduction of drug abuse	29 663.9	15 453.0	52.1	2 228.8	4.9	47 345.7
Elimination of illicit crops	26 059.7	10 456.5	40.1	1 943.0	5.3	38 459.2
Suppression of illicit drug trafficking	37 620.6	14 728.1	39.1	3 894.4	7.4	56 243.1
Intersectoral	21 655.8	4 645.2	21.5	1 651.0	6.3	27 952.0
Total, A	**115 000.0**	**45 282.8**	**39.4**	**9 717.2**	**6.1**	**170 000.0**
B. Programme support	29 022.3	1 537.0	5.3	2 564.0	8.4	33 123.3
C. Management and administration	9 242.7	--	--	1 050.4	11.4	10 293.1
Total, B and C	**38 265.0**	**1 537.0**	**4.0**	**3 614.4**	**9.1**	**43 416.4**
Grand total	**153 265.0**	**46 819.8**	**30.5**	**13 331.6**	**6.7**	**213 416.4**

Table 2
Resource plan for outline 2000-2001 and revised estimates 1998-1999
(Thousands of dollars)

Item	Regular budget 1998-1999 Approved	Fund of UNDCP 1998-1999 revised estimate General-purpose	Special-purpose	Total Amount	%	2000-2001 outline General-purpose	Special-purpose	Total Amount	%
I. Resources available									
Opening balance	--	31 690.7	28 785.7	60 476.4		19 762.4	35 659.0	55 421.4	
Income	14 825.5	34 210.0	114 000.0	148 210.0		40 000.0	135 000.0	175 000.0	
Total, I	**14 825.5**	**65 900.7**	**142 785.7**	**208 686.4**		**59 762.4**	**170 659.0**	**230 421.4**	
II. Use of resources									
Programme and programme support activities									
A. Programme	8 893.9	18 600.0	96 400.0	115 000.0	75.0	25 000.0	145 000.0	170 000.0	79.7
B. Programme support	--	18 295.6	10 726.7	29 022.3	18.9	17 820.7	15 302.6	33 123.3	15.5
C. Management and administration	5 931.6	9 242.7	--	9 242.7	6.0	10 293.1	--	10 293.1	4.8
Total, II	**14 825.5**	**46 138.3**	**107 126.7**	**153 265.0**	**100.0**	**53 113.8**	**160 302.6**	**213 416.4**	**100.0**
III. Closing balance		19 762.4	35 659.0	55 421.4		6 648.6	10 356.4	17 005.0	

9. Sufficient resources are anticipated to fund the proposed outline, on the basis of the estimated increase in income and the reduction of the fund balance to a level considered appropriate for the operation of UNDCP. It is assumed that income will continue to increase, building on the positive results achieved during 1998-1999. As elaborated for the revised biennial support budget for 1998-1999 (E/CN.7/1999/12), the year 1998 marked a turn-around in the financial situation, with income increasing by 31.0 per cent. This was attributed to the momentum created by the twentieth special session of the General Assembly on countering the world drug problem and the initiatives launched by the Executive Director. In response, it is anticipated that new funding will be generated from increased contributions by the donor community and through new cost-sharing arrangements. Although the estimates include considerable increases in income, the amounts are comparable to the level of income received by UNDCP from 1991 to 1993. The financial scenario for 2000-2001 includes the best estimates that are considered as required to fulfil the obligations resulting from the twentieth special session, and that are achievable on the basis of past experience and new developments. In the final analysis, the income estimates provide a challenge to be met by the donor community, by putting the financial situation of the Fund of UNDCP on a more stable and predictable basis. To achieve this objective, it is essential to increase the share of general-purpose resources, to widen the donor base and to secure longer-term commitments by donors, including multi-year pledges. Table 3 shows income estimates for the outline period 2000-2001, as compared with revised estimates for 1998-1999; table 4 presents the operational reserve and fund balance for 2000-2001 and 1998-1999.

IV. Income

10. Income is estimated at $175,000,000 for 2000-2001, reflecting an increase of $15,090,000 or 12.5 per cent, compared with the revised estimate of $148,210,000 for 1998-1999. Actual income for 1996-1997 amounted to $103,295,500. As of 1 December 1998, firm indications existed for approximately 10 per cent of the estimated income for 2000-2001.

11. *Contributions*. Contributions are estimated at $129,000,000 for 2000-2001, reflecting an increase of $10,040,000, or 8.4 per cent, compared with the revised estimate of $118,960,000 for 1998-1999. Actual contributions for 1996-1997 amounted to $90,408,200. For 2000-2001, general-purpose contributions are estimated at $38,300,000, representing an increase of $9,390,000, or 32.4 per cent; special-purpose contributions are estimated at $90,700,000, representing an increase of $650,000, or 6.7 per cent. At the time of preparation of the outline, pledged contributions of only $7,922,000 had been secured for the period 2000-2001. This is in keeping with funding experience, essentially characterized by donors restricting commitments to a one-year period, which limits the predictability of future income scenarios. In the absence of advance indications from donors, projections are based on the recent history of donor support, the momentum generated by the twentieth special session of the General Assembly and the new initiatives launched by the Executive Director, covered in part three of the present outline. Those initiatives cover major programmes for the period 1999 to 2003, at an estimated cost of $330,000,000, including $137,000,000 for 2000-2001. The programmes for which donor support will be mobilized include the business plans for the Andean countries of Latin America and for west and central Asia, as well as comprehensive plans for assessing the global drug abuse problem and for monitoring illicit crops. The total cost of those initiatives is estimated at $330,000,000 over a five-year period, including $137,000,000 for 2000-2001.

12. *Cost-sharing contribution*. Cost-sharing contributions are estimated at $38,500,000 for 2000-2001, reflecting an increase of $19,760,000, or 105.4 per cent, compared with the revised estimate of $18,740,000 for 1998-1999. Actual cost-sharing contributions for 1996-1997 amounted to $2,334,500. As elaborated for the revised biennial support budget for 1998-1999 (E/CN.7/1999/12), this substantial increase in cost-sharing contributions is achieved by emphasizing a new type of project arrangement for Latin America that includes major cost-sharing contributions. The Government of Brazil is expected to contribute $20,100,000. That represents the 2000-2001 share of two five-year contributions, including $15,800,000 towards a law enforcement programme starting in 1998 and $29,500,000 towards a prevention programme on drugs and acquired immunodeficiency syndrome (AIDS) starting in 1999 as a follow-up to a programme completed in 1998. Cost-sharing contributions of $12,600,000 are anticipated from the Government of Colombia towards the business plan drawn up for 1999-2003 at a cost of $60,000,000, including total cost-sharing contributions of $30,000,000. Finally, cost-sharing

Table 3
Income 2000-2001 and 1998-1999
(Thousands of dollars)

	1998-1999			2000-2001		
Item	*General-purpose*	*Special-purpose*	*Total*	*General-purpose*	*Special-purpose*	**Total**
Contributions	28 910.0	90 050.0	118 960.0	38 300.0	90 700.0	**129 000.0**
Cost-sharing	--	18 740.0	18 740.0	--	38 500.0	**38 500.0**
Public donations	--	2 510.0	2 510.0	--	2 800.0	**2 800.0**
Interest income	5 300.0	2 700.0	8 000.0	1 700.0	3 000.0	**4 700.0**
TOTAL	**34 210.0**	**114 000.0**	**148 210.0**	**40 000.0**	**135 000.0**	**175 000.0**

Table 4
Operational reserve and fund balance 2000-2001 and 1998-1999
(Thousands of dollars)

Item	*General-purpose*	*Special-purpose*	**Total**
Operational reserve			
As at 31 December 1997	12 000.0	--	**12 000.0**
As at 31 December 2001	12 000.0	--	**12 000.0**
+/(-) Changes in operational reserve	--	--	--
Fund balance			
As at 31 December 1997	31 690.7	28 785.7	**60 476.4**
+ Income, 1998-1999	34 210.0	114 000.0	**148 210.0**
- Expenditure, 1998-1999	(46 138.3)	(107 126.7)	**(153 265.0)**
+/(-) Changes in operational reserve	--	--	--
As at 31 December 1999	19 762.4	35 659.0	**55 421.4**
+ Income, 2000-2001	40 000.0	135 000.0	**175 000.0**
- Expenditure, 2000-2001	(53 113.8)	(160 302.6)	**(213 416.4)**
+/(-) Changes in operational reserve	--	--	--
As at 31 December 2001	6 648.6	10 356.4	**17 005.0**

contributions of $5,800,000 are anticipated for Bolivia. This includes an amount of $3,800,000 from the Government of Bolivia towards the business plan for 1999-2003 at a cost of $55,000,000, including a total cost-sharing contribution of $8,250,000. In addition, a contribution of $2,000,000 from the Agency for International Development of the United States of America (USAID) is anticipated, representing two annual payments for a five-year alternative development project starting in 1999 on the management, conservation and utilization of forest resources in the Cochabamba tropics in Bolivia.

13. *Public donations*. Public donations are estimated at $2,800,000 for 2000-2001, reflecting an increase of $290,000, or 11.6 per cent, compared with the revised estimates for 1998-1999. Actual public donationes for 1996-1997 amounted to $1,777,000. An amount of $1,000,000 is anticipated from the Drug Abuse Prevention Centre (DAPC), a Japanese non-governmental organization. Support from DAPC is raised through its annual campaigns, which not only result in substantial funding for UNDCP, but also increase public awareness in Japan of the dangers of drug abuse. The balance of $1,800,000 relates primarily to estimated contributions from other non-governmental organizations.

14. *Interest income*. Interest income is estimated at $4,700,000 for 2000-2001, reflecting a decrease of $3,300,000, or 41.2 per cent, compared with the revised estimate of $8,000,000 for 1998-1999. Actual interest earned for 1996-1997 amounted to $8,714,600. Interest income is received from temporary surpluses and operating reserves invested by the Treasury of the United Nations, taking into account the cash-flow requirements of UNDCP. Interest income is determined by the interest rates on call accounts in United States dollars and short-term deposits and the cash balance maintained by UNDCP. Interest derived from special-purpose contributions is identified separately for the fund balance of each contribution. In the event that donor funding arrangements stipulate that the interest should be credited to a project, the income is classified as special-purpose interest. Whenever interest income is available to UNDCP without restriction, the income is shown as general-purpose funds. The interest income of $4,700,000 for 2000-2001 includes $1,700,000 related to general-purpose funds and $3,000,000 related to special-purpose funds. Interest income of $2,700,000 for 2000 is estimated at a rate of 4 per cent and an average investment of $68,300,000; for 2001, interest income of $2,000,000 is estimated at a rate of 4 per cent and an average investment of $50,600,000. The decline in interest income compared with that of the biennium 1998-1999 is attributed to a decrease in the rate of interest and in the level of investment. For 1998-1999, the average rate is calculated at 5.1 per cent on an average investment of $79,000,000.

V. Programme support charges

15. Programme support charges are estimated at $18,817,000 for 2000-2001, reflecting an increase of $5,832,900, or 44.9 per cent, compared with the revised estimates of $12,984,100 for 1998-1999. Actual programme support charges for 1996-1997 amounted to $6,857,500. Programme support charges are levied on project expenditures to secure the funding of technical and administrative backstopping activities. As of 1 January 1997, UNDCP applies a standard rate of 13 per cent for programme support charges, shared, as appropriate, between UNDCP and partner agencies. For national execution, a charge of 5 per cent has been introduced. A detailed breakdown on programme support charges and rates for agencies and UNDCP is shown in table A.1 of annex I.

16. The increase in programme support charges of $5,832,900 is the result of higher estimated programme expenditure for 2000-2001, compared with 1998-1999. Programme expenditure is estimated at $170,000,000 in the proposed outline for 2000-2001 and at $115,000,000 in the revised programme budget for 1998-1999. As shown in table 1 of Annex I, and as compared with programme expenditure, including national execution, the overall programme support rate is estimated at 11.1 per cent, with 7.4 per cent retained by UNDCP and 3.7 per cent provided to associated agencies. UNDCP programme support on activities funded from general-purpose resources amount to $2,456,100, and is retained under the general-purpose fund. Programme support earned by UNDCP on activities funded from special-purpose contributions amount to $10,101,600, and is applied to the cost of the biennial support budget as shown in table 4 (resource plan).

Part three
Proposed outline for the biennium 2000-2001

VI. Overview

17. UNDCP has been called upon to assist Member States in attaining the objectives set by the General Assembly at its twentieth special session. The following priority activities will receive special attention:

(a) UNDCP will assist States in achieving the goal of eliminating or significantly reducing illicit cultivation of the opium poppy, the coca bush and the cannabis plant in 10 years;

(b) UNDCP will expand substantially its demand reduction activities to support the efforts of Governments in preventing and reducing drug abuse;

(c) UNDCP will assist Governments in tackling the emerging problem of amphetamine-type stimulants, and increase assistance in the fields of precursor chemicals, money-laundering and judicial cooperation;

(d) UNDCP will assist the Commission on Narcotic Drugs in monitoring progress made towards the attainment of the objectives set by the General Assembly.

18. The new programme priorities are consistent with the general mandate of the Fund of UNDCP. These include assisting Governments in countering drug abuse, illicit cultivation and production and trafficking of illicit drugs. Technical advice and assistance is provided in support of national efforts towards a balanced approach in drug control, targeting illicit demand and supply, and to assist Governments in acceding to and implementing the international drug control conventions. Needs and opportunities for multilateral cooperation in drug control at the regional and subregional levels will continue to be identified and coordination arrangements promoted through advocacy and technical support. UNDCP will further develop its competence in drug control, including high-quality technical cooperation activities. It will provide leadership for the United Nations common system, ensuring active and coordinated participation in the implementation of the strategy.

19. The proposed outline for 2000-2001 presents the new priorities within the projected financial scenario. The outline amounts to $213,416,400, as compared with the revised budget for 1998-1999 of $153,265,000, reflecting an increase of $60,151,400, or 39.2 per cent. The increase of $60,151,400 includes an increase of $46,819,800, or 30.5 per cent in real terms, and recosting adjustments of $13,331,600, or 6.7 per cent. The outline of $213,416,400 for 2000-2001 is allocated in accordance with the categories identified in the harmonized budget model, distinguishing between programme, programme support and administration and management. The increases in the outline are essentially allocated to programme activities that reflect an increase of 39.4 per cent in real terms. The infrastructure, including programme support as well as administration and management, is maintained in real terms at the 1998-1999 level. As outlined in the revised biennial support budget, investment in the infrastructure during 1998-1999 ensures that programme delivery can be increased during 2000-2001. In addition to the Fund of UNDCP, resources are also provided from the regular budget of the United Nations, amounting to $14,825,500 in 1998-1999. Regular budget activities are not covered in the current outline.

VII. Programme

20. The outline programme allocation amounts to $170,000,000, reflecting an increase in real terms of $45,282,800, or 39.4 per cent. The outline programme is described in accordance with the sectoral presentation utilized for the medium-term plan of the United Nations for international drug control. For the biennium 2000-2001, international drug control is a priority programme of the medium-term plan. Following the twentieth special session of the General Assembly, the medium-term plan for the period 1998-2001 was revised (A/51/6 (Prog. 13)/Rev. 1). The medium-term plan is composed of the following subprogrammes:

(a) Subprogramme 1. Coordination and promotion of international drug control;

(b) Subprogramme 2. International drug control monitoring and policy-making;

(c) Subprogramme 3. Demand reduction: prevention and reduction of drug abuse;

(d) Subprogramme 4. Supply reduction: elimination of illicit crops and suppression of illicit drug trafficking.

21. The Fund of UNDCP mainly supports activities under subprogrammes 3 and 4, with the regular budget funding subprogrammes 1 and 2. Activities under subprogramme 3 (demand reduction: prevention and reduction of drug abuse) are presented separately. Since most resources are allocated to subprogramme 4, the activities are presented in two parts: first, supply reduction: elimination of illicit crops; and, secondly, supply reduction: suppression of illicit drug trafficking. In addition, intersectoral activities are identified that transcend a single subprogramme. This presentation is consistent with the sectoral presentation in the biennial programme budget for 1998-1999.

22. The distribution of resources is as follows: $47,345,700 for demand reduction: prevention and reduction of drug abuse, reflecting an increase in real terms of $15,453,000, or 52.1 per cent; $38,459,200 for supply reduction: elimination of illicit crops, reflecting an increase in real terms of $10,456,500, or 40.1 per cent; $56,243,100 for supply reduction: suppression of illicit drug trafficking, reflecting an increase in real terms of $14,728,100, or 39.1 per cent; and $27,952,000 for intersectoral activities, reflecting an increase in real terms of $4,645,200, or 21.5 per cent.

A. Demand reduction: prevention and reduction of drug abuse (subprogramme 3)

23. In line with the measures adopted by the General Assembly at its twentieth special session, UNDCP will significantly increase its activities in demand reduction in support of government action to implement a balanced approach to drug control. The thrust of UNDCP efforts will be twofold. First, UNDCP will implement a business plan to develop a comprehensive assessment of the magnitude of the global problem of drug abuse and to establish needed baseline data for national and international drug control policy-making and programme development. Secondly, UNDCP will provide technical assistance to Governments in meeting the targets set at the twentieth special session to establish and implement new or enhanced demand reduction strategies and programmes by the year 2003, and to achieve significant and measurable results in reducing illicit demand by the year 2008. Assistance will be provided in developing and disseminating effective methodologies to reduce illicit demand for drugs and in implementing appropriate demand reduction programmes adapted to local conditions. Cooperation will be reinforced with the Joint United Nations Programme on HIV/AIDS, the International Labour Organization, the United Nations Educational, Scientific and Cultural Organization and the World Health Organization, with the international financial institutions, and with regional bodies, including the Association of South-East Asian Nations (ASEAN), the European Monitoring Centre for Drugs and Drug Addiction, the Inter-American Drug Abuse Control Commission of the Organization of American States, the Economic Community of West African States (ECOWAS), the Organization of African Unity (OAU), the Southern African Development Community (SADC) and the Pompidou Group, among others.

24. UNDCP will enhance its capacity to monitor the global phenomenon of drug abuse. It will provide expert advice and assistance to countries to improve the effectiveness of national data on drug abuse and mechanisms for the collection and analysis of information, including the training of national experts. To facilitate the development and sharing of knowledge in this field, it will convene a conference to review epidemiological developments worldwide. Networks to gather information will be established or improved, linking, as appropriate, Governments, UNDCP and other international organizations, both governmental and non-governmental. Those networks are expected to result in the identification of common training needs and the design and implementation of training programmes for national experts, as well as agreement on common standards for epidemiological research and reporting.

25. Efforts to develop and disseminate effective methodologies (good practice) to reduce illicit demand for drugs will focus on five priority areas: community-wide prevention; prevention in the workplace; prevention among young people; treatment and rehabilitation, with emphasis on community approaches and gender sensitive interventions; and methods of communication effective in changing attitudes and behaviour.

26. Countries will be assisted to develop strategies, policies and programmes to implement the Declaration on the Guiding Principles of Drug Demand Reduction. Technical advice and assistance will be provided on effective integrated programmes and techniques of prevention, treatment and rehabilitation. Assistance will also be provided to mobilize communities and civil society to promote a society free of drug abuse and to provide

alternatives to drug abuse, focusing in particular on investing in and working with youth. Pilot and demonstration activities will be elaborated, implemented, monitored and evaluated. New initiatives will be undertaken in sub-Saharan Africa to decrease illicit demand in selected countries in line with the priorities identified in the ECOWAS and SADC drug control action plans. Of particular significance will be demand reduction activities undertaken in the context of a programme framework for south-east Asia in cooperation with Governments and regional institutions, including ASEAN and the Asian Development Bank.

B. Supply reduction: elimination of illicit crops (subprogramme 4)

27. At the twentieth special session of the General Assembly, Member States decided to work closely with UNDCP to develop strategies with a view to eliminating or significantly reducing the illicit cultivation of narcotic crops by the year 2008. To support Governments in this historic endeavour, UNDCP will provide them with the necessary—and until now absent—tools to assess and guide the progress of this initiative. To that end, UNDCP will implement a comprehensive business plan to establish an international system to monitor the extent and evolution of the illicit cultivation of narcotic crops worldwide. The system will be based on a global approach, emphasizing transparency and the voluntary participation of the countries concerned.

28. The development of the global monitoring system will take place in active partnership with the countries concerned. To provide a comprehensive and accurate picture, data must be obtained from survey activities carried out in all producing regions, using different methodologies tailored to the characteristics of each area. Rapid assessment and ground, aerial and satellite surveys will be employed as appropriate. Although UNDCP will be at the centre of the data collection network, success will involve a variety of partners, implementation modalities and activities. Cooperation will take place with the European Space Agency and the Office for Outer Space Affairs of the Secretariat in developing the satellite survey components. In support of this initiative, technical assistance will be provided to States to monitor illicit cultivation through appropriate survey methodologies. UNDCP will undertake the development and dissemination of a suitable rapid appraisal survey methodology and a yield assessment methodology.

29. The impact of alternative development interventions and effective strategies, approaches, projects and programmes to eliminate illicit cultivation will be assessed and findings shared among countries. Innovative approaches and best practices and lessons learned in the design, planning and implementation of alternative development programmes will be identified, tailored to local conditions, and disseminated. Experimental and model programmes and projects that could be adapted to different circumstances will be elaborated with a view to eradicating illicit crops through alternative development.

30. The national institutions concerned in the countries most affected will be strengthened, enabling them to elaborate, implement, monitor and evaluate integrated national programmes designed to eliminate illicit crops through alternative development and other modalities. The States concerned will be assisted in securing adequate financial and technical assistance and support for their alternative development programmes, particularly from the international financial institutions, non-governmental organizations, relevant United Nations organizations and the private sector.

31. In south-east Asia, activities will be reenforced under the umbrella of an expanded programme framework for the region in cooperation with regional organizations, including ASEAN and the Asian Development Bank. Assistance will be provided to local communities in Myanmar to reduce opium production to the extent the prevailing political situation allows. Alternative development activities will continue in the Lao People's Democratic Republic and Viet Nam.

32. In south-west Asia, Afghanistan is the source of the bulk of illicit production. Subject to political developments in the country, UNDCP will continue to build upon its existing programme—in particular the substantial knowledge base developed on the nature and extent of the illicit cultivation and drug-trafficking situation—through the involvement of UNDCP in the United Nations common drug control programming effort. The pace of expansion will largely be determined by the evolving political situation in that country and the cooperation evidenced by the presumptive authorities. The closing phase of the poppy reduction activities in the Dir district of Pakistan will be implemented.

33. UNDCP will continue to monitor the magnitude of, and trends in, illicit cultivation in the central Asian region.

It will assist in developing effective eradication methods, and, where appropriate, addressing illicit crop production, such as in the Osh region of Kyrgyzstan.

34. In Latin America, UNDCP will act in partnership with the Governments of Bolivia, Colombia and Peru to meet the 2008 target through alternative development and complementary measures, including eradication programmes and law enforcement. Business plans have been drawn up by each of the three countries to ensure success and sustainability of crop elimination emphasizing participatory approaches for planning and execution of projects, protection of human rights, environmental risk assessment and mobilization of the private sector. The Bolivian plan aims at full elimination of illicit coca by the year 2002. The Colombian and Peruvian plans aim at reductions in excess of 60 per cent by 2003 and total elimination by 2008. UNDCP will assist the three countries in raising the funds necessary to fully implement their business plans. It will also provide assistance to ensure the application of technical and programme innovations and effective project development and implementation, linking national, regional and global efforts. UNDCP participation will centre on launching some 25 projects at a total value of about $164 million. Projects will promote agro-industries with proven markets, cash and food crops, wood pulp, timber and livestock, accompanied by the necessary training to modernize existing producers' associations, improve production and marketing, and ensure environmental protection. UNDCP inputs will be delivered in the context of wider developmental initiatives carried out by other entities aimed at strengthening community organizations, providing social and economic infrastructure, implementing reform in the system of land ownership, developing rural financial systems and supporting farm loans.

C. Supply reduction: suppression of illicit drug trafficking (subprogramme 4)

35. UNDCP assistance to Governments to suppress illicit drug trafficking has two main thrusts. First, assistance will be provided to strengthen national institutions. States will be assisted also in adopting and implementing harmonized laws and regulations to effectively prosecute drug traffickers and prevent financial systems from being used to launder illicit proceeds. Secondly, UNDCP will continue to promote and support practical intercountry cooperation—at the subregional and regional levels—to interdict the flow of illicit drugs and precursors, and to dismantle drug-trafficking organizations. UNDCP assistance will mainly target those areas used to traffic opiates from the major producing areas in Afghanistan and south-east Asia, particularly Myanmar, and cocaine from the Andean region. Of particular importance will be supporting and enhancing cooperation arrangements in eastern Europe and in south-east Asia, as well as in south-west and central Asia and Latin America.

36. In central and eastern Europe, action will be based on a strategic programme framework formulated in partnership with Governments of the region and relevant institutions of the European Union. The programme will emphasize harmonized approaches and enhanced capacities to investigate drug trafficking and money-laundering.

37. In sub-Saharan Africa, west and southern Africa will receive increased attention. Assistance in drug law enforcement will emphasize helping the countries in west Africa to tackle heroin and cocaine traffic. In southern Africa, emphasis will be placed on strengthening law enforcement at the national and subregional levels in close cooperation with ECOWAS, OAU and SADC.

38. In central and south-west Asia, UNDCP will implement a comprehensive business plan in cooperation with the States members of the Economic Cooperation Organization (ECO). A key goal will be to counter trafficking of opiates from Afghanistan. Issues to be addressed include coordination of drug control activities within the region, enactment and implementation of legislation to seize and forfeit illicit proceeds and monitoring implementation of the ECO plan of action on drug control. Priority is attached to increasing the effectiveness of national institutions in tackling drug trafficking, as well as that of the Drug Control Coordination Unit of the ECO secretariat, and to strengthening border controls. Assistance will also be provided to stem the flow of precursor chemicals needed to produce morphine and heroin from opium.

39. In south Asia, subregional cooperation and national action will be enhanced to tackle drugs trafficked from producing areas in south-west and south-east Asia. Emphasis will also be put on stemming the flow of precursor chemicals and identifying and seizing illicit proceeds. National and subregional information-gathering and analysis capabilities will be strengthened.

40. In south-east Asia, cooperation will be reinforced through the implementation of activities under an expanded programme framework for the region, working in concert with regional organizations, including ASEAN and the Asian Development Bank. UNDCP will continue to work to improve cross-border cooperation to stem the flow of drugs, particularly illicit opiates from Myanmar. Support will continue to be provided to seize precursors and illicitly trafficked amphetamine-type stimulants, and to disrupt drug-trafficking networks.

41. In the region of Latin America and the Caribbean, law enforcement assistance will aim at strengthening collaboration among drug control agencies through joint training and exchange of information and expertise.

D. Intersectoral (subprogrammes 1 to 4)

42. In view of the close linkages between the causes and effects of the illicit drug phenomenon, several activities are undertaken that transcend programmes directed specifically at reducing illicit demand for or the supply of drugs. Thus, the global assessment of the drug problem that UNDCP and the international community require to develop effective policies and strategies is intersectoral in nature. UNDCP will strengthen its capacity to gather and analyse data and information with the goal of providing Governments, international organizations and non-governmental organizations an objective, scientifically valid assessment of the global drug problem. Issues tackled will include the interlinkages between illicit demand and supply and the consequences of the illicit drug trade on individuals and societies. A biennial global assessment of the drug problem will be researched, drafted and published in the form of a world drug report. UNDCP will continue to disseminate accurate information on the true nature and extent of the drug problem, through public information activities targeting decision and opinion makers and the general public.

43. On the country and regional levels, specific measures will include assisting countries in adopting and implementing comprehensive drug control legislation. Training will be provided to enable prosecutors, judges and investigators to understand the problem of drug abuse and to handle drug cases effectively. UNDCP will also continue to assist Governments in enhancing judicial cooperation between countries. UNDCP will provide assistance to countries in strengthening their national drug-testing laboratories that support, on the one hand, police and customs action against drug trafficking and, on the other hand, drug abuse prevention and rehabilitation programmes. Assistance will also aim at strengthening national controls over licit drugs and precursors to prevent their diversion into the illicit traffic. In particular, assistance will continue to be provided to national drug control administrations to increase the speed and accuracy of the data and information transferred between Governments, and between Governments and the International Narcotics Control Board.

VIII. Programme support

44. The outline allocation for programme support amounts to $33,123,300, reflecting an increase of $1,537,000, or 5.3 per cent in real terms. Programme support includes the UNDCP field offices and support at headquarters, as well as programme support provided to executing agencies. The increase relates to support provided to executing agencies as a result of higher estimated programme implementation compared with that of 1998-1999. No increases are anticipated for UNDCP, with adjustments being limited to redeployment within the overall budget ceiling. The required infrastructure within UNDCP to support an increase in programme implementation during 2000-2001 is outlined in the revised biennial support budget for 1998-1999 (E/CN.7/1999/12).

45. For 1998-1999, the UNDCP field office structure includes 10 regional and 13 country offices. It is anticipated that adjustments will be introduced in line with the specific drug control situation in the area, the magnitude of UNDCP funding and the need to support adherence to the international drug control treaties. Decentralization of operational activities, together with the delegation of decision-making to the field, will receive greater priority. The role of the UNDCP field offices is expected to change during the outline period. In addition to supporting project development, implementation and evaluation, field offices will increasingly involve themselves in serving as collectors of data for analysis at headquarters. Moreover, UNDCP will continue to provide expert advice in drug control to Governments directly through its experts in field offices. In particular, UNDCP will promote the incorporation of a drug dimension into larger integrated rural development programmes, working closely with Governments, other United Nations entities and the international financial institutions. Where

applicable, opportunities for establishing joint support offices for UNDCP and the Centre for International Crime Prevention will be utilized. Programme support at UNDCP headquarters supports a decentralized field network, with headquarters maintaining overall policy control and managerial oversight.

IX. Administration and management

46. The outline allocation for administration and management amounts to $10,293,100 and reflects no increase in real terms. In parallel to the programme support infrastructure, the required resource adjustments to strengthen executive direction and management and external relations have been included in the context of the revised biennial support budget for 1998-1999 (E/CN.7/1999/12). The potential for increasing efficiencies in administrative procedures will be further elaborated jointly with the Division of Administrative and Common Services of the United Nations Office at Vienna.

Annex I

Supplementary tables

Table A.1
Programme support cost 2000-2001
(Thousands of dollars)

Item	Programme			Programme Support Cost							
				Agency			UNDCP			Total	
	General-purpose	Special-purpose	Total	General-purpose	Special-purpose	Total in %	General-purpose	Special-purpose	Total in %	Amount	%
A. UNDCP implementation	12 727.0	50 242.0	**62 969.0**	--	--	--	2 257.5	5 928.5	13.0	**8 186.0**	13.00
B. Agency implementation											
United Nations entities	5 957.0	36 745.8	**42 702.8**	688.1	2 514.6	7.5	86.3	2 262.3	5.5	**5 551.3**	13.00
United Nations specialized agencies	1 276.5	7 874.1	**9 150.6**	147.4	767.6	10.0	18.5	256.0	3.0	**1 189.5**	13.00
Intergovernmental organizations	851.0	5 249.4	**6 100.4**	98.3	511.7	10.0	12.3	170.7	3.0	**793.0**	13.00
Non-governmental organizations	425.5	2 624.7	**3 050.2**	49.2	255.9	10.0	6.2	85.3	3.0	**396.6**	13.00
							--				
Total, B	**8 510.0**	**52 494.0**	**61 004.0**	**983.0**	**4 049.8**	**8.2**	**123.3**	**2 774.3**	**4.7**	**7 930.4**	**13.00**
C. National implementation											
Government	3 763.0	37 275.0	**41 038.0**	75.3	745.5	2.0	75.3	1 155.9	3.0	**2 052.0**	5.00
Non-governmental organizations	--	4 989.0	**4 989.0**	--	405.7	8.1	--	242.9	4.9	**648.6**	13.00
Total, C	**3 763.0**	**42 264.0**	**46 027.0**	**75.3**	**1 151.2**	**2.7**	**75.3**	**1 398.8**	**3.2**	**2 700.6**	**5.87**
Total, A, B and C	**25 000.0**	**145 000.0**	**170 000.0**	**1 058.3**	**5 201.0**	**3.7**	**2 456.1**	**10 101.6**	**7.4**	**18 817.0**	**11.07**

Table A.2
Fund of UNDCP and regular budget, 1988-1999
(Millions of dollars)

Item	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
Fund of UNDCP	32.5	39.8	41.8	54.4	66.9	70.4	72.8	64.1	53.2	51.1	68.0	85.3
Regular budget	3.7	4.0	4.5	6.0	6.6	6.8	7.3	7.5	7.9	8.3	8.4	9.0
Total	**36.2**	**43.8**	**46.3**	**60.4**	**73.5**	**77.2**	**80.1**	**71.6**	**61.1**	**59.4**	**76.4**	**94.3**

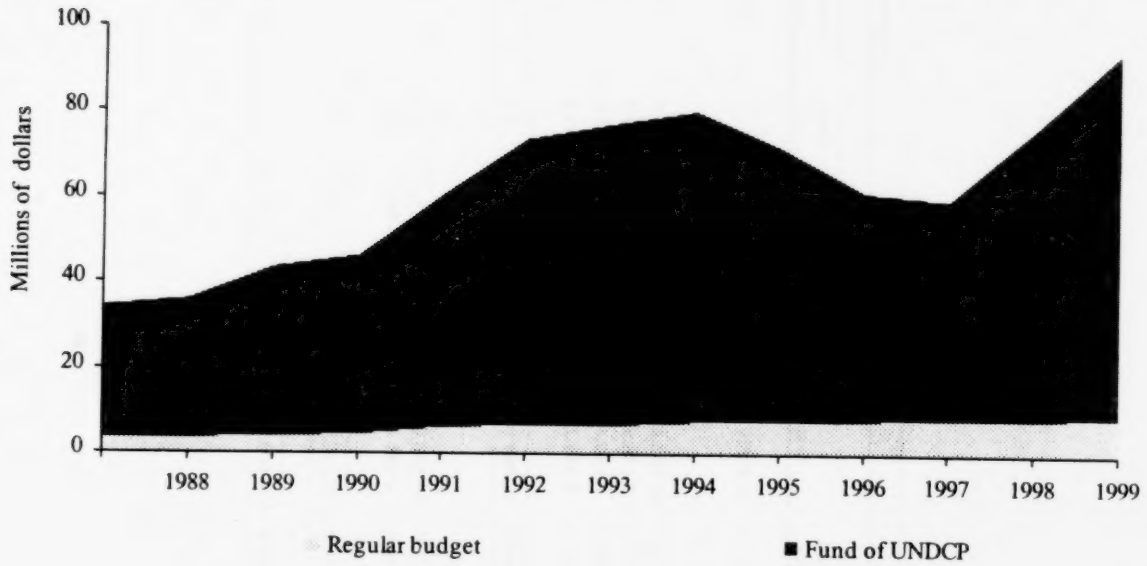


Table A.3
Fund of UNDCP: income, expenditure and fund balance, 1988-2001
(Millions of dollars)

Item	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
Income														
Special-purpose	44.8	18.4	40.6	54.4	52.3	35.8	44.1	49.1	31.3	34.8	54.0	60.0	65.0	70.0
General-purpose	12.5	15.1	14.7	16.2	20.2	34.3	18.6	18.3	19.7	17.2	16.2	18.0	19.0	21.0
Total	**57.3**	**33.5**	**55.3**	**70.6**	**72.5**	**70.1**	**62.7**	**67.4**	**51.0**	**52.0**	**70.2**	**78.0**	**84.0**	**91.0**
Expenditure	32.5	39.8	41.8	54.4	66.9	70.4	72.8	64.1	53.2	51.1	68.0	85.3	99.6	113.8
Fund balance	39.9	33.6	47.1	63.3	68.9	68.6	58.5	61.8	59.6	60.5	62.7	55.4	39.8	17.0

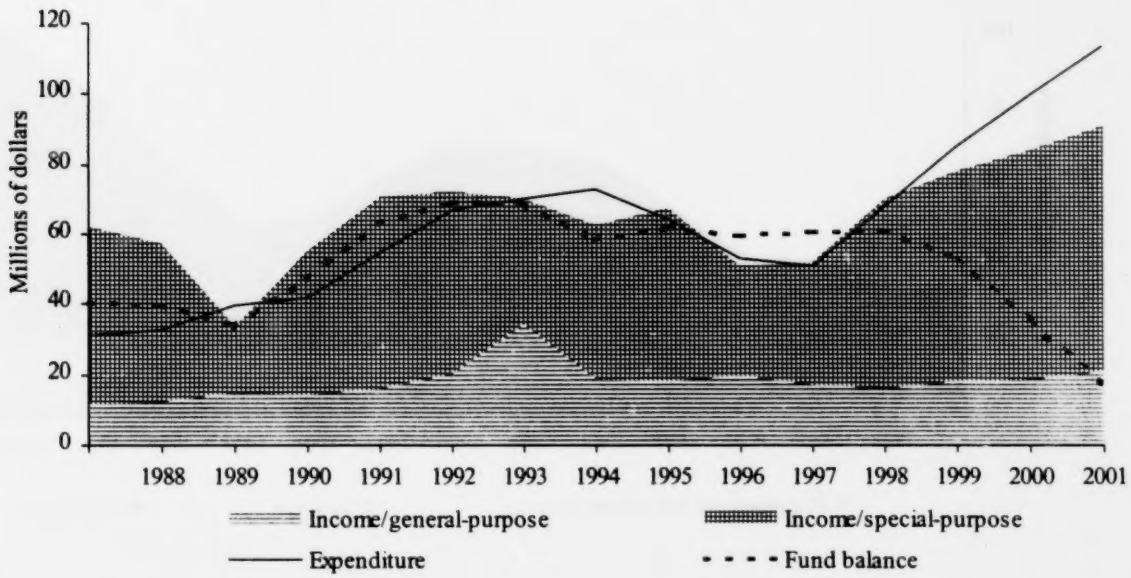


Table A.4
Fund of UNDCP: programme, programme support and management/administration, 1988-2001
(Millions of dollars)

Item	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
Programme	28.4	34.6	34.9	45.1	54.6	55.9	55.7	45.8	35.4	34.7	51.2	63.8	79.3	90.7
Support	2.3	3.2	4.6	6.8	9.5	11.5	13.7	14.7	14.1	12.3	12.8	16.2	15.5	17.7
Management and administration	1.8	2.0	2.3	2.5	2.8	3.0	3.4	3.6	3.7	4.1	4.0	5.3	4.8	5.4
Total	**32.5**	**39.8**	**41.8**	**54.4**	**66.9**	**70.4**	**72.8**	**64.1**	**53.2**	**51.1**	**68.0**	**85.3**	**99.6**	**113.8**

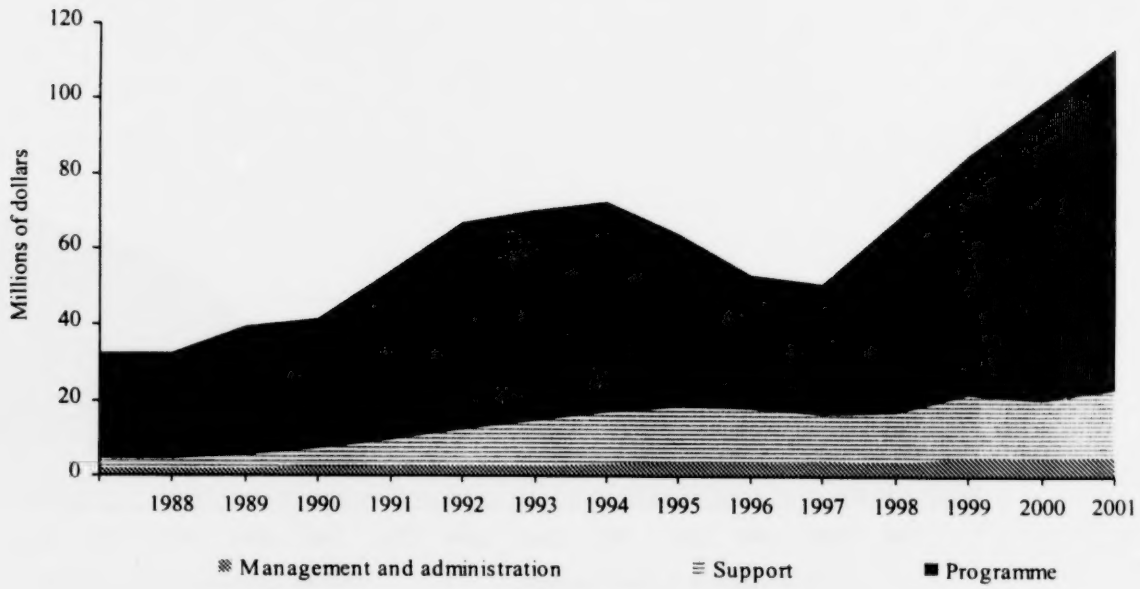
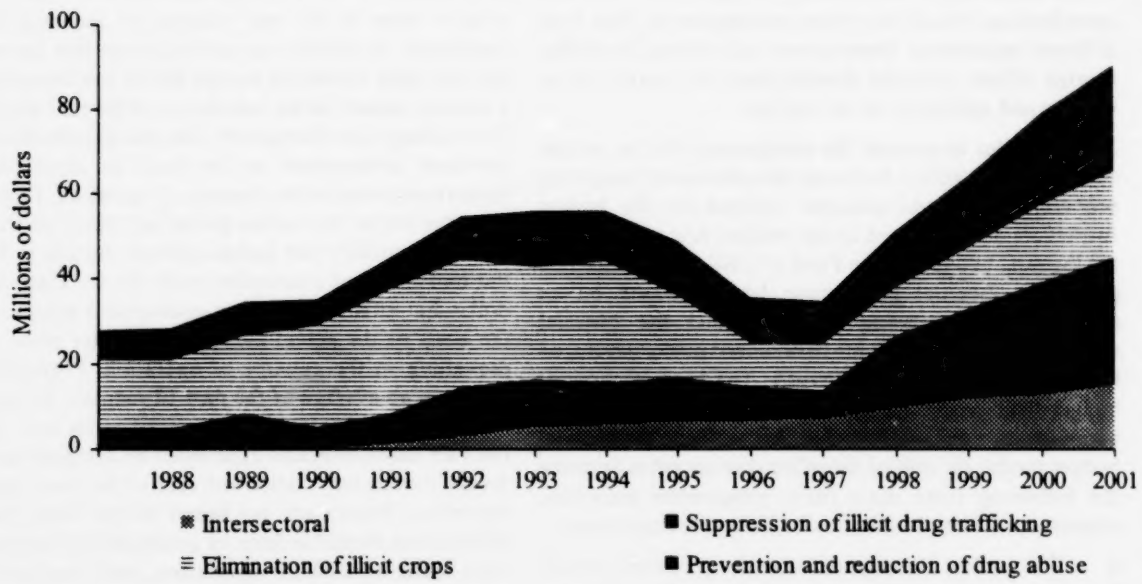


Table A.5
Fund of UNDCP: programme by sector, 1988-2001
(Millions of dollars)

Item	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
Prevention and reduction of drug abuse	7.3	7.8	5.8	7.6	10.0	13.2	12.2	12.7	10.3	10.4	13.2	16.5	22.0	25.3
Elimination of illicit crops	16.0	18.5	23.8	29.0	30.0	26.1	28.3	19.4	10.3	10.3	11.5	14.5	18.0	20.5
Suppression of illicit drug trafficking	4.7	7.8	4.7	7.1	11.3	11.2	10.0	9.9	8.1	6.8	16.8	20.8	26.2	30.0
Intersectoral	0.4	0.5	0.6	1.4	3.3	5.4	5.6	6.8	6.7	7.2	9.7	12.0	13.1	14.9
Total	**28.4**	**34.6**	**34.9**	**45.1**	**54.6**	**55.9**	**56.1**	**48.8**	**35.4**	**34.7**	**51.2**	**63.8**	**79.3**	**90.7**



Annex II

Outline presentation

1. The proposed outline for 2000-2001 for the Fund of UNDCP provides an indication of anticipated resources and priorities for the biennium following the current budget period. The outline includes a detailed financial presentation to determine the availability of funding. Within that scenario, priorities are established. The outline therefore is not a budget, but provides the framework according to which detailed budget estimates will be subsequently elaborated.

2. The financial presentation includes a detailed assessment of the anticipated income situation. In arriving at the estimates for 2000-2001, specific attention has been paid to the recent history of contributions for each donor in terms of size, regularity of payment and existing financing agreements. In addition, the estimates reflect the indications received from potential donors on the level of resources that they intend to contribute. Many donors, however, are not in a position to provide any financial commitment, particularly for multi-year purposes, prior to the end of their own fiscal-year budgetary exercise. Added to this constraint is the diversity of sources of voluntary contributions, which very often encompass funding from different ministerial departments and offices, including foreign affairs, overseas development aid, health, social welfare and ministries of the interior.

3. In order to provide for transparency in the outline and the budget and to facilitate the subsequent budgeting process, the general concepts utilized for the budget format are also reflected in the outline. It is recalled that the biennial budget for the Fund of UNDCP contains two parts: the biennial programme budget, based on an integrated programming approach; and the biennial support budget following the harmonized model developed by UNDP, UNICEF and UNFPA. The biennial support budget distinguishes further between support activities and administration and management. According to the biennial budget model, the outline therefore distinguishes between the following three main parts: programme activities, support activities and administration and management.

4. The outline is compared with the proposed revised budget for 1998-1999 to indicate major financial and programme changes. To enhance the transparency of the comparison, a number of calculations are applied. Essentially, the changes between the outline for 2000-2001 and the revised budget for 1998-1999 are further analysed by introducing a distinction between cost changes and volume changes. Cost changes include adjustments for standard cost variations, such as inflation and exchange rate movements. Such adjustments do not impact on the level of activities. The financial implications are estimates for maintaining the current level of activity during a future period. Any further changes that are possible or required within the anticipated financial resources constitute volume adjustments in the level of activities. Within the given financial scenario, increases or decreases in activities might be required. The distinction between cost changes and volume changes therefore provides the necessary transparency to indicate how the level of actual activities—not only nominal resource allocations—is anticipated to change.

5. In order to provide for a direct comparison, the volume adjustments for the outline for 2000-2001 are expressed at the rates and standard cost applicable for the proposed revised budget 1998-1999. Such rates and standard costs include information on exchange rates, inflation rates, standard salary costs, common staff costs and vacancy rates. For calculating cost changes, up-to-date rates and standard costs are subsequently applied. Whereas the outline of UNDCP is expressed in United Sates dollars, a large share of the expenditures are incurred in other currencies. Exchange rate and inflation rate movements between such currencies and the dollar can therefore have a sizeable impact on the calculation of the cost adjustment. For exchange rate fluctuations, the cost adjustments update previous assumptions on the basis of actual monthly operational rates in the country of operation. Projections until the end of the outline period are based on the latest available monthly rate and no attempt is made to forecast the movement of currencies vis-à-vis the United States dollar. For inflation, previous assumptions are updated on the basis of the actual monthly consumer price indices prevailing in the country of operation. Projections are based on an average of the past 12 months. Revisions to standard salary costs, common staff costs and vacancy rates are based on actual experience by category and level for the Vienna duty station and each of the four regions of operation. Projections are based on the latest monthly information, available from 19 countries that represent the main areas of UNDCP operations, and standard salary costs used for the regular budget of the United Nations, including standard salary cost version 06/1998 for the biennium 1998-1999.